HOUSING MARKET ASSESSMENT

St. John's CMA

CANADA MORTGAGE AND HOUSING CORPORATION

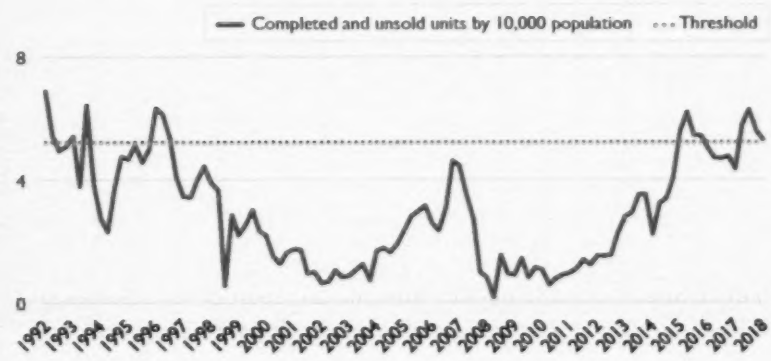
Third Quarter 2018

Degree of vulnerability remains low

- Subdued economic activity in St. John's, as evidenced by lacklustre employment growth, has once again reduced housing demand. This further easing of the market has virtually eliminated any signs of overheating, price acceleration or overvaluation in the CMA. Not surprisingly, this context, as well as the shift of demand to less expensive purchases of multi-segment homes such as row, duplex and triplex, has maintained downward pressure on prices.
- There is still small evidence of overbuilding in the St. John's CMA housing market. The inventory of completed and unsold units relative to the population was 5.28 in the first quarter, higher than the threshold of 5.10, but the number of units under construction is low, which lessens the evidence of overbuilding. Both economic weakness, which has lessened net migration and in turn has decreased rental demand, and higher completions of rental units relative to the population, have pushed the vacancy rate to 7.2%. However, the latter remains below the threshold of 11.2%.[1]

Figure 1

Moderate Evidence of Overbuilding



Source: Statistics Canada and CMHC. Last data point: 2018 Q1.

Results Overview
St. John's CMA

	Apr. 2018	Jul. 2018
Overheating		
Price Acceleration		
Overvaluation		
Overbuilding		
Overall Assessment		

Degree of vulnerability
■ High ■ Moderate ■ Low

Chris Janes
Senior Analyst,
Economics, Atlantic

"In St. John's, there are no significant signs of overheating, acceleration, overvaluation or overbuilding. Current housing market conditions in the capital region are generally in line with population, income and employment. However, the subdued nature of these market drivers require close monitoring insofar as they may lead to depressed market conditions going forward."

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[1] Results are based on data as of the end of March 2018 and local market intelligence up to the end of June 2018. CMHC continuously monitors market developments and will issue HMA updates on a quarterly basis. A detailed description of the framework is available in the appendix of the National edition.

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